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Determinants of Corporate Social Responsibility Disclosure: The Moderating Role of Good Corporate Governance

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Abstract

Previous studies provide inconsistent evidence regarding whether financial and non-financial characteristics influence corporate social responsibility disclosure (CSRD). This study examines the effects of leverage, profitability, and environmental performance on CSRD, with good corporate governance (GCG), proxied by institutional ownership, as a moderating variable. The sample consists of 24 companies from the basic materials, energy, industrials, and consumer non-cyclicals sectors listed on the Indonesia Stock Exchange during 2021–2025, resulting in 120 panel observations selected using purposive sampling. Data were analyzed using the Random Effect Model (REM) with cluster-robust standard error estimation. The results show that leverage and profitability do not significantly affect CSRD, while environmental performance has a positive and significant effect. GCG significantly moderates the relationship between leverage and CSRD in a negative direction, thereby weakening the relationship. However, GCG does not moderate the relationships between profitability, environmental performance, and CSRD. These findings indicate that environmental performance plays an important role in encouraging CSR disclosure, while GCG is more effective in companies experiencing leverage pressure.

Keywords: leverage, profitability, environmental performance, corporate social responsibility disclosure, good corporate governance

INTRODUCTION

Organizational success is no longer assessed solely by financial performance but also by a company's ability to fulfill social and environmental responsibilities sustainably. Companies are expected to balance economic, social, and environmental interests to meet stakeholders' expectations. This has increased the importance of transparency and accountability through adequate social and environmental disclosure (Utami et al., 2026). One form of such disclosure is Corporate Social Responsibility Disclosure (CSRD), which serves as a communication medium for companies to convey their commitments to stakeholders (Rochmaniah & Sinduwiatom, 2020).

In Indonesia, the implementation of corporate social and environmental responsibility has been strengthened through various regulations, particularly Law No. 40 of 2007 on Limited Liability Companies, which requires corporations, which requires companies engaged in natural resource-related activities to undertake social and environmental responsibilities. In addition, OJK Regulation No 51/POJK 03/2017 requires public companies to prepare sustainability reports for stakeholders. Many Indonesian companies also adopt the Global Reporting Initiative (GRI)

Standards 2021 as a guideline for sustainability disclosure (Global Reporting Initiative, 2021). However, despite these regulations and reporting standards, the implementation of Corporate Social Responsibility Disclosure (CSRD) remains uneven across companies, indicating that regulatory compliance alone may not ensure comprehensive disclosure and highlighting the importance of examining internal determinants of CSRD.

The Basic Materials, Energy, Industrials, and Consumer Non-Cyclicals sectors are industries that exhibit a high degree of dependence on natural resource utilization and possess substantial potential to generate environmental impacts. These characteristics place companies within these sectors under greater legitimacy pressure from regulators, investors, and society to demonstrate social and environmental accountability through transparent sustainability disclosures (Dowling & Pfeffer, 1975). In addition, inadequate disclosure of sustainability information may increase reputational risk and reduce stakeholder trust, which can negatively affect corporate legitimacy and long-term sustainability (Freeman, 1984). Therefore, variations in CSRD among companies in these sectors provide an important context for examining the factors that influence disclosure practices.

The level of corporate social responsibility disclosure may be affected by various firm characteristics, both financial and non-financial in nature. In this study, these characteristics are represented by leverage, profitability, and environmental performance. However, previous empirical studies have shown inconsistent findings regarding the influence of financial characteristics on CSRD. Andriani & Masliha (2022) reported that leverage positively and significantly affects CSRD, whereas profitability has no significant effect. Conversely, Totanan et al. (2022) found that profitability has a positive and significant effect, while leverage does not significantly influence CSRD. These conflicting findings suggest the need for further investigation. Similar inconsistencies have also been identified regarding the influence of environmental performance on CSRD. Kamalia and Kartika (2025) found that environmental performance has a positive and significant effect on CSRD. In contrast, Respati and Oktaviani (2022) reported that environmental performance does not significantly influence CSRD. These divergent findings suggest that the relationship between corporate characteristics and social responsibility disclosure remains inconclusive and warrants further investigation, particularly by considering the role of corporate governance mechanisms.

Governance is a fundamental pillar of the ESG framework that enhances corporate transparency and accountability. The presence of effective governance mechanisms enables companies to implement strategic policies more responsibly, including those related to social and environmental disclosure practices. Good Corporate Governance (GCG) has been shown to play a significant role in strengthening the relationship between environmental performance and CSRD, indicating that governance quality can influence the effectiveness of corporate policies associated with social and environmental responsibilities (Aryanti et al., 2023). Furthermore, corporate governance has been found to moderate the relationship between internal corporate factors and organizational performance, suggesting that the effectiveness of corporate policies is determined not only by a firm's internal conditions but also by the quality of governance practices adopted (Utami et al., 2026). These findings indicate that corporate governance may help explain the inconsistencies observed in previous studies regarding the determinants of CSRD. However, prior studies have not sufficiently explained why differences in governance mechanisms may alter the relationship between corporate characteristics and disclosure practices, creating a governance contingency gap. In addition, although previous studies have examined GCG as a moderating variable, most of them employed different governance proxies such as board diversity, audit committee, or independent commissioners.

This study uses institutional ownership as a proxy for GCG because institutional investors generally possess stronger monitoring capacity, greater access to information, and stronger incentives to encourage managerial transparency and accountability (Shleifer & Vishny, 1997), and examines its moderating role in the Basic Materials, Energy, Industrials, and Consumer Non-Cyclicals sectors.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

1. Agency Theory

Agency Theory explains the contractual relationship between capital owners (principals) and company managers (agents) who are granted authority to operate the business entity (Jensen & Meckling, 1976). Agency conflicts arise due to information asymmetry and divergent interests, whereby agents possess superior access to internal information and may act opportunistically to pursue personal benefits (Ghozali, 2020). To minimize agency conflicts, companies require effective monitoring mechanisms through the implementation of Good Corporate Governance (GCG) and enhanced organizational transparency (Mallin, 2013). In the context of this study, Agency Theory explains the moderating role of Good Corporate Governance (GCG), particularly institutional ownership, in the relationship between leverage, profitability, and CSRD. Strong institutional ownership can enhance monitoring over managerial decisions, thereby reducing agency conflicts and encouraging greater transparency through CSRD.

2. Legitimacy Theory

Legitimacy Theory posits that organizations seek to obtain and maintain legitimacy from society by ensuring that their activities are aligned with prevailing social values and norms. When a gap emerges between corporate activities and public expectations, organizations tend to undertake various actions to restore legitimacy, one of which is the disclosure of social and environmental information (Dowling & Pfeffer, 1975; Gray et al., 1995). In the context of this study, Legitimacy Theory explains the relationship between environmental performance and Corporate Social Responsibility Disclosure (CSRD). Companies with better environmental performance tend to disclose more social and environmental information to maintain legitimacy, public trust, and social acceptance from stakeholders.

3. Stakeholder Theory

Stakeholder Theory argues that organizations are responsible not only to shareholders but also to various stakeholders who affect or are affected by organizational activities. Consequently, companies are expected to provide transparent and accountable information, including through Corporate Social Responsibility Disclosure (CSRD), in order to fulfill stakeholders' information needs (Donaldson & Preston, 1995; Freeman, 1984). In this study, Stakeholder Theory explains that companies with higher leverage and profitability face greater pressure from creditors, investors, and other stakeholders to provide transparent information. Therefore, firms are encouraged to disclose broader CSRD to meet stakeholders' expectations.

4. Corporate Social Responsibility Disclosure (CSR)

Corporate Social Responsibility Disclosure (CSRD) refers to the disclosure of information regarding a company's social and environmental responsibilities, reflecting its commitment to economic, social, and environmental sustainability (International Organization for Standardization, 2010). In this study, CSRD is measured using the Global Reporting Initiative (GRI) Standards 2021, which cover economic, environmental, and social dimensions (Global Reporting Initiative, 2021).

5. Leverage

Leverage reflects the extent to which a company utilizes debt to finance its operations and fulfill long-term obligations (Kasmir, 2016). In this study, leverage is proxied by the Debt-to-Equity Ratio (DER), which measures the proportion of total debt relative to total equity (Kariyoto, 2014).

6. Profitability

Profitability refers to a company's ability to generate earnings through the effective utilization of its resources (Kasmir, 2016). In this study, profitability is measured using Return on Assets (ROA), as it reflects the company's ability to generate profit from total assets (Widyanto et al., 2024).

7. Environmental Performance

Environmental performance refers to a company's ability to manage environmental impacts arising from its operational activities and minimize ecological damage caused by business processes (Sembiring, 2022). In this study, environmental performance reflects the extent to which companies implement environmental management practices and comply with sustainability-related regulations. Better environmental performance encourages companies to disclose more social and environmental information through CSRD as a form of accountability to stakeholders (Pechancová et al., 2019).

8. Good Corporate Governance (GCG)

Good Corporate Governance (GCG) refers to a corporate governance mechanism that regulates the relationship between management, shareholders, and other stakeholders to ensure transparency, accountability, and sustainable business practices (Mallin, 2013). In this study, GCG is positioned as a moderating variable that may influence the relationship between leverage, profitability, environmental performance, and CSRD. GCG is proxied by institutional ownership, as institutional investors are considered to have stronger monitoring capabilities in overseeing managerial decisions and reducing agency conflicts (Shleifer & Vishny, 1997).

9. Hypothesis Development

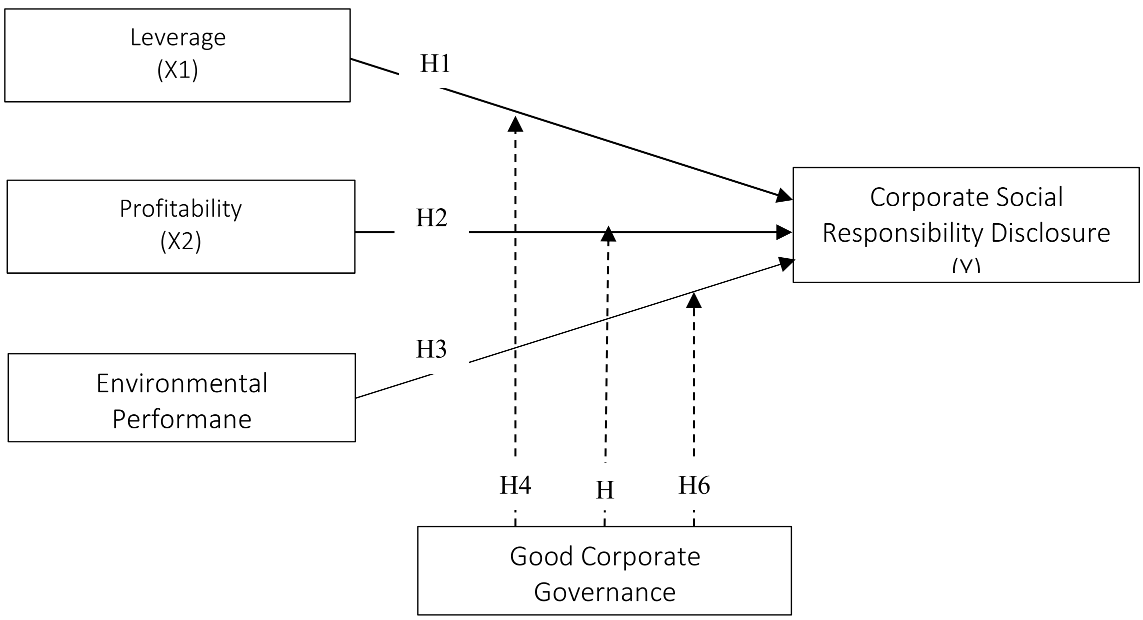

Figure 1. Conceptual Framework

a. The Effect of Leverage on Corporate Social Responsibility Disclosure

Based on Stakeholder Theory, organizations are required to fulfill stakeholders' information needs in order to gain support for the sustainability of their business operations (Freeman, 1984). Under such circumstances, companies are expected to provide more transparent information as a form of accountability to creditors and other stakeholders. One way to achieve this transparency is through Corporate Social Responsibility Disclosure (CSRD), which communicates information regarding a company's social and environmental activities. However, previous studies have produced inconsistent findings. Danduru et al. (2024) concluded that leverage does not affect CSRD, whereas Ulfa et al. (2025) found that leverage has a positive and significant effect influence on CSRD. These conflicting results suggest that the relationship between leverage and CSRD requires further investigation. Therefore, companies with higher leverage are expected to disclosure more CSR information to reduce information asymmetry and maintain creditors's trust.

H1: Leverage positively affects Corporate Social Responsibility Disclosure.

b. The Effect of Profitability on Corporate Social Responsibility Disclosure

According to Stakeholder Theory, companies must fulfill stakeholders' expectations in order to secure support for their long-term sustainability (Freeman, 1984). A high level of profitability provides companies with greater resources to undertake and disclose social responsibility activities to stakeholders (Akhter et al., 2023). Nevertheless, previous empirical findings remain inconclusive. Ulfa et al. (2025) found that profitability has a positive and significant effect on CSRD, whereas Andreas & Chang (2025) reported that profitability has no significant effect on CSRD. These inconsistent findings provide an opportunity to re-examine the relationship between profitability and CSRD. Therefore, companies with higher profitability are expected to disclose CSR information mor extensively.

H_2: Profitability positively affects Corporate Social Responsibility Disclosure.

c. The Effect of Environmental Performance on Corporate Social Responsibility Disclosure

Environmental performance reflects a company's ability to manage the environmental impacts arising from its operational activities (Sembiring, 2022). According to Legitimacy Theory, companies seek to obtain and maintain societal acceptance by conducting activities that are consistent with prevailing social values and norms (Gray et al., 1995). Companies with strong environmental performance are more likely to disclose social and environmental information more extensively as a form of accountability to the public and stakeholders. Such disclosures are intended to demonstrate the company's commitment to environmental preservation while simultaneously maintaining legitimacy for its business operations. Kamalia & Kartika (2025) concluded that environmental performance has a positive and significant effect on CSRD, whereas Respati & Oktaviani (2022) found that environmental performance does not significantly influence CSRD. These inconsistent findings indicate that the relationship between environmental performance and CSRD remains relevant for further investigation. Therefore, companies with better environmental performance are expected to CSRD information more extensively.

H_3: *Environmental Performance* positively affects Corporate Social Responsibility Disclosure.

d. The Moderating Role of Good Corporate Governance (GCG)

Agency Theory suggests that conflicts of interest may arise due to differences in objectives between principals and agents, as well as information asymmetry within a company (Jensen & Meckling, 1976). One mechanism that can mitigate such problems is the implementation of Good Corporate Governance (GCG) through institutional ownership. Institutional investors generally possess stronger monitoring capabilities over managerial policies and decisions than individual investors (Shleifer & Vishny, 1997). This monitoring function can encourage management to conduct corporate activities in a more transparent and accountable manner, including the disclosure of social and environmental information. Therefore, Good Corporate Governance is expected to influence the relationships between leverage, profitability, and environmental performance and Corporate Social Responsibility Disclosure.

H_4: Good corporate governance moderates the effect of leverage on Corporate Social Responsibility Disclosure.

H_5: Good corporate governance moderates the effect of profitability on Corporate Social Responsibility Disclosure.

H_6: Good corporate governance moderates the effect of environmental performance on Corporate Social Responsibility Disclosure.

RESEARCH METHOD

This study employs a quantitative research approach using secondary data obtained from annual reports, sustainability reports, and documents related to the Program for Pollution Control, Evaluation, and Rating (PROPER). The research sample was selected using a purposive sampling technique from companies operating in the Basic Materials, Energy, Industrials, and Consumer Non-Cyclicals sectors listed on the Indonesia Stock Exchange (IDX) during the 2021–2025 period. The sample selection criteria are presented in Table 1.

Table 1. Sample Selection Criteria

No	Description	Total
1.	Companies operating in the Basic Materials, Energy, Industrials, and Consumer Non-Cyclicals sectors listed on the Indonesia Stock Exchange (IDX)	401
2.	Companies that did not publish annual reports or sustainability reports during the research period and/or did not provide complete data related to the research variables, namely environmental performance, Corporate Social Responsibility Disclosure, and Good Corporate Governance	(377)
Total sample companies per year		24
Research period (years)		5
N (24 companies × 5 years)		120

Source: Prepared by the Author (2026).

Based on the sample selection process, 24 companies were selected, resulting in a total of 120 panel observations during the 2021–2025 research period. The measurement methods for each research variable are presented in Table 2.

Table 2. Measurement of Research Variables

Variable	Measurement	References
Leverage	$DER = \frac{Total\ Debt}{Total\ Equity} \times 100\%$	Kasmir (2016)
Profitability	$ROA = \frac{Net\ Income}{Total\ Aset} \times 100\%$	Kasmir, (2016)

Variable	Measurement	References
Environmental performance	PROPER Score Gold : 5 Green : 4 Blue : 3 Red : 2 Black : 1	Aryanti et al., (2023; Kustina & Hasanah, (2020)
Corporate Sosial Responsibility Disclosure (CSRD)	$CSRDi = \frac{\sum Xi}{N}$ Notes: CSRDi : Number of CSR disclosure items disclosed by the company $\sum Xi$: Total CSR disclosure items based on GRI Standards 2021 N : Total GRI disclosure items	Suzan dan Novianti (2023)
Good Corporate Governance (GCG)	$IO = \frac{Institutional\ Shares}{Total\ Outstanding\ Shares} \times 100\%$ Notes: IO : Institutional ownership percentage	Aryanti et al. (2023)

Source: Processed by the Author (2026)

The measurement methods for each research variable are presented in Table 2. In this study, Good Corporate Governance (GCG) is proxied by institutional ownership (KI), which reflects the proportion of institutional shareholdings and serves as a monitoring mechanism over managerial decisions. The panel data regression model used in this study is formulated as follows:

$$CSRD = \alpha + \beta 1LEV_{it} + \beta 2PROF_{it} + \beta 3KL_{it} + \beta 4GCG_{it} + \beta 5(LEV{\times}GCG)_{it} + \beta 6(PROF{\times}GCG)_{itt} + \beta 7(KL{\times}GCG)_{it} + \varepsilon_{it}$$

Data processing was conducted using panel data regression analysis with the assistance of STATA software. The analysis was carried out in several stages, including descriptive statistical analysis, panel data model selection using the Chow test, Hausman test, and Lagrange Multiplier test, followed by hypothesis testing at a 5% significance level (Sholihin & Anggraini, 2021).

RESULTS AND DISCUSSION

This section presents the results of data analysis and the interpretation of research findings obtained from companies in the Basic Materials, Energy, Industrials, and Consumer Non-Cyclicals sectors during the 2021–2025 period. The analysis was conducted in several stages, including descriptive statistics, panel data analysis, and hypothesis testing, to provide a comprehensive understanding of the relationships among the variables examined in this study.

1. Descriptive Statistical Analysis

Descriptive statistical analysis was employed to identify the distribution, central tendency, and dispersion of data from 120 panel observations covering the period from 2021 to 2025.

Table 3. Descriptive Statistics of Research Variables

Variable	Obs	Mean	Std. Dev.	Min	Max
CSR	120	0.000	0.222	-0.429	0.382
DER	120	0.000	0.706	-0.833	1.754
ROA	120	0.000	0.083	-0.296	0.361
PROPER	120	0.000	0.211	-0.458	0.458
KI	120	0.000	0.170	-0.462	0.271

Source: STATA Version 17 Output, processed by the author (2026).

Since all variables were centered prior to regression analysis to reduce multicollinearity in the moderation model, the mean values of all variables are approximately zero, as shown in Table 3. The CSRD variable has a standard deviation of 0.222, indicating variation in the level of corporate social responsibility disclosure among the sampled firms. Similar variability across companies is also observed in leverage (DER), with a standard deviation of 0.706; profitability (ROA), with a standard deviation of 0.083; environmental performance (PROPER), with a standard deviation of 0.211; and institutional ownership (KI), with a standard deviation of 0.170.

2. Panel Data Regression Model Selection

The selection of the most appropriate panel data regression model was conducted through a series of tests, namely the Chow test and the Hausman test.

T able 4. Chow Test Results

Description	Value
F Statistic	**5.02**
Prob > F	**0.000**

Source: STATA Version 17 Output, processed by the author (2026).

As shown in Table 4, the Prob > F value is 0.0000, which is below the significance level of 0.05. This result indicates significant differences in characteristics across the sample companies. Therefore, the Fixed Effects Model (FEM) is preferred over the Common Effects Model (CEM).

Table 5. Hausman Test Results

Test Summary	Chi-Sq. Statistic	Prob
Cross-section random	7.79	0.351

Source: STATA Version 17 Output, processed by the author (2026).

Based on the Hausman test results, the probability value is 0.351, which exceeds the significance level of 0.05. This finding indicates that differences in characteristics among firms are not systematic. Therefore, the Random Effects Model (REM) is considered the most appropriate and efficient estimation model for this study.

3. Classical Assumption Tests

The evaluation of the classical assumptions was conducted rigorously to ensure the appropriateness of the Random Effects Model (REM) prior to hypothesis testing.

Table 6. Normality Test Results

Variable	Adj Chi2	Prob > Chi2	Interpretation
Residual	4.44	0.109	Normally Distributed

Source: STATA Version 17 Output, processed by the author (2026).

The Skewness and Kurtosis Test yielded a Prob > Chi^2 value of 0.109, which is greater than 0.05. Therefore, the residuals of the regression model satisfy the normality assumption.

Table 7. Multicollinearity Test Results

Variable	VIF	1/VIF
DER_KI	2.39	0.418
ROA_KI	2.09	0.478
DER	1.92	0.522
ROA	1.65	0.605
PROPER	1.36	0.734
PROPER_KI	1.26	0.795
KI	1.16	0.858
Mean VIF	**1.69**	

Source: STATA Version 17 Output, processed by the author (2026).

All research variables exhibit VIF values below 10 and tolerance values (1/VIF) above 0.10. With a mean VIF of 1.69, the regression model is considered free from multicollinearity issues.

Table 7. Heteroskedasticity Test Results

Description	Value
Chi2	1.08
Prob > Chi2	0.299

Source: STATA Version 17 Output, processed by the author (2026).

The Breusch–Pagan/Cook–Weisberg test produced a probability value of 0.299, which exceeds 0.05. This result indicates that the residual variance is constant, suggesting the absence of heteroskedasticity.

Table 8. Autocorrelation Test Results

Description	Value
F Statistic	27.177
Prob > F	0.0000

Source: STATA Version 17 Output, processed by the author (2026).

The Wooldridge test detected autocorrelation, as indicated by a Prob > F value of 0.000 (< 0.05) (Drukker, 2003). To address this issue, the final hypothesis testing was estimated using the Random Effects Model (REM) with cluster-robust standard errors.

4. Hypothesis Testing

The results of the hypothesis testing are presented in Table 9 based on the estimation of the Random Effects Model (REM) using cluster-robust standard errors.

Table 9. Hypothesis Testing Results with Moderating Variables

Variable	Coefficient	z	P>|z|
DER	-0.0154083	-0.37	0.708
ROA	-0.3152715	-1.49	0.136
PROPER	0.432854	3.62	0.000
KI	-0.2724242	-1.55	0.122
DER_KI	-0.6868451	-2.53	0.011
ROA_KI	1.081743	0.59	0.558
PROPER_KI	-0.1193942	-0.16	0.869
Model Summary:			
Prob > Chi2 (Overall Significance Test)		**0.000**	
R-squared (Overall)		**0.311**	

Source: STATA Version 17 Output, Prepared by the Author (2026).

Based on Table 9, leverage has a coefficient of -0.015 (p = 0.708) and profitability has a coefficient of -0.315 (p = 0.136), indicating that both variables do not significantly affect Corporate Social Responsibility Disclosure (CSRD). In contrast, environmental performance shows a positive coefficient of 0.433 (p = 0.000), indicating a significant positive effect on CSRD. Good Corporate Governance (GCG), proxied by institutional ownership, has a coefficient of -0.272 (p = 0.122), suggesting no significant direct effect on CSRD. Regarding the moderating effects, the interaction between leverage and GCG is significant (β = -0.687; p = 0.011), while the interactions between profitability and GCG (β = 1.032; p = 0.558) and environmental performance and GCG (β = -0.012; p = 0.869) are not significant.

DISCUSSION

a. *The Effect of Leverage on Corporate Social Responsibility Disclosure*

The results indicate that the first hypothesis **(H1) is rejected** because leverage does not significantly affect Corporate Social Responsibility Disclosure. This suggests that debt levels are not a determining factor of CSRD, as creditors may place greater emphasis on financial stability than on CSRD. This indicates that one key assumption of Stakeholder Theory, namely that creditors demand broader CSRD, may not be fulfilled. Therefore, Stakeholder Theory is not empirically supported in explaining the relationship between leverage and CSRD in this study (Freeman, 1984). This finding is consistent with the study by Danduru et al. (2024), which also concluded that leverage does not significantly influence CSRD. However, this finding differs from Natania and Anggara (2025), who found that leverage has a positive and significant effect on CSRD. These differences may be attributed to variations in sectoral characteristics, research periods, and corporate governance conditions across studies.

b. *The Effect of Profitability on Corporate Social Responsibility Disclosure*

The rejection of the second hypothesis (H_2) indicates that profitability does not significantly affect Corporate Social Responsibility Disclosure (CSRD). This finding suggests that a company's ability to generate profits is not a determining factor in the extent of CSRD. Companies may prioritize profit allocation for operational expansion, investment, or dividend distribution rather than social and environmental disclosure. In addition, CSRD in environmentally sensitive sectors may be driven more by regulatory compliance and stakeholder pressure than by profitability levels. This suggests that Stakeholder Theory is not fully supported in explaining the relationship between profitability and CSRD in this study (Freeman, 1984). This finding is consistent with Danduru et al. (2024), but differs from Ulfa et al. (2025). These differences may be attributed to variations in industrial sectors, research periods, and corporate characteristics across studies.

c. The Effect of Environmental Performance on Corporate Social Responsibility Disclosure

The support for H_3 indicates that environmental performance positively influences CSRD. The finding indicates that companies with stronger environmental performance tend to disclose social and environmental responsibility information more extensively. This result is consistent with Legitimacy Theory, which suggests that organizations seek to obtain and maintain public acceptance by conducting activities that align with prevailing social values and norms (Dowling & Pfeffer, 1975). Therefore, Legitimacy Theory receives empirical support in explaining the relationship between environmental performance and CSRD. This finding is consistent with the studies of Kustina dan Hasanah (2020) and Kamalia & Kartika (2025) both of which found that environmental performance significantly influences CSRD. However, this finding differs from Respati and Oktaviani (2022), who reported that environmental performance does not significantly affect CSRD. These differences may be attributed to variations in sample characteristics, research periods, and environmental regulation across studies.

d. *The* Moderating Role of Good Corporate Governance in the Effect of Leverage and Corporate Social Responsibility Disclosure

The fourth hypothesis **(H_4) is supported** because Good Corporate Governance (GCG) moderates the relationship between leverage and Corporate Social Responsibility Disclosure. The findings indicate that GCG weakens the relationship between leverage and CSRD. This suggests that institutional ownership can reduce the influence of debt levels on corporate decisions regarding social responsibility disclosure. The finding is consistent with Agency Theory, which argues that effective governance mechanisms enhance monitoring functions over managerial decision-making processes (Jensen & Meckling, 1976). Although prior studies specifically examining the moderating role of GCG in the relationship between leverage and CSRD remain limited, Suryandari & Susandya (2023) provide supporting evidence that stronger corporate governance mechanisms can enhance corporate transparency and CSRD. These findings strengthen the argument that institutional ownership may function as an effective monitoring mechanism in CSR-related decisions.

e. **The Moderating Role of *Good* Corporate Governance in the Effect of Profitability and Corporate Social Responsibility Disclosure**

The fifth hypothesis **(H_5) is not supported** because Good Corporate Governance (GCG) is not found to moderate the relationship between profitability and Corporate Social Responsibility Disclosure. The finding suggests that institutional ownership does not strengthen or weaken the relationship between profitability and CSRD. This indicates that the extent of CSRD is not influenced by a company's profitability level, even when supported by sound governance mechanisms. Consequently, Agency Theory does not receive empirical support in explaining the moderating role of GCG in the relationship between profitability and CSRD (Jensen & Meckling, 1976). Since prior studies specifically examining the moderating role of GCG in the relationship between profitability and CSRD remain limited, this finding provides additional empirical evidence regarding the role of institutional ownership as a governance mechanism in CSRD. However, this finding is in line with Setijaningsih and Kurniawan (2023), who also found that GCG did not strengthen the relationship between profitability and CSRD, although GCG in their study was proxied by gender diversity.

f. **The Moderating Role of Good Corporate Governance in the Effect of Environmental Performance and Corporate Social Responsibility Disclosure**

The sixth hypothesis **(H6) is not supported** because Good Corporate Governance (GCG) is not found to strengthen the relationship between environmental performance and Corporate Social Responsibility Disclosure. The findings indicate that institutional ownership does not alter the relationship between environmental performance and the extent of social responsibility disclosure. Companies demonstrating strong environmental performance generally continue to disclose social and environmental activities as a form of accountability to stakeholders, regardless of the strength of their governance mechanisms. Therefore, Legitimacy Theory receives empirical support, as CSRD is primarily driven by firms' efforts to maintain legitimacy through strong environmental performance. In contrast, Agency Theory does not receive empirical support in explaining the moderating role of GCG in this relationship (Gray et al., 1995; Jensen & Meckling, 1976). However, this finding differs from Aryanti et al. (2023), who found that Good Corporate Governance, proxied by institutional ownership, strengthens the relationship between environmental performance and CSRD. These differences may be attributed to variations in sample characteristics, research periods, and the effectiveness of governance mechanisms across studies. Since empirical studies specifically examining this moderating relationship remain limited, the present study provides additional evidence to enrich the existing literature.

CONCLUSION

This study finds that leverage and profitability do not have a significant effect on Corporate Social Responsibility Disclosure (CSRD), whereas environmental performance has a significant positive effect on CSRD. The moderation analysis reveals that Good Corporate Governance (GCG), proxied by institutional ownership, is able to moderate the relationship between leverage and CSRD but does not moderate the relationships between profitability and CSRD or between environmental performance and CSRD. These findings suggest that corporate social responsibility disclosure is influenced more by environmental performance than by a firm's financial condition. Theoretically, this study contributes to the CSRD literature by demonstrating that environmental performance remains a stronger determinant of disclosure than financial characteristics, particularly in environmentally sensitive sectors. From a governance perspective, the findings indicate that institutional ownership serves as an effective monitoring mechanism primarily in firms facing leverage pressure, highlighting that the role of governance is contingent rather than universal.

The findings have important practical implications for companies, indicating that environmental performance should be considered a key factor in enhancing social responsibility disclosure to stakeholders. From a theoretical perspective, the results provide empirical support for Legitimacy Theory in explaining the relationship between environmental performance and CSRD. In addition, the findings partially support Agency Theory by demonstrating the moderating role of Good Corporate Governance in the relationship between leverage and CSRD. This study is subject to several limitations. First, Good Corporate Governance is measured solely through institutional ownership as its proxy. Second, the sample is limited to companies operating in the Basic Materials, Energy, Industrials, and Consumer Non-Cyclicals sectors. Therefore, future research is encouraged to employ a broader range of GCG proxies, expand the scope of industries and observation periods, and incorporate additional variables that may influence Corporate Social Responsibility Disclosure.

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